

City of Alexandria, Virginia

MEMORANDUM

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DATE: NOVEMBER 22, 2002

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: PHILIP SUNDERLAND, CITY MANAGER *PS*

SUBJECT: TAXICAB TASK FORCE REPORT

ISSUE: City Council consideration of the Taxicab Task Force Report.

RECOMMENDATION: That City Council receive the Taxicab Task Force report, refer it to staff for review, request the City Manager to report back to Council on the results of this review at the second legislative meeting in January, and conduct a work session on the issues addressed in the Task Force Report before that legislative meeting.

BACKGROUND: On June 26, 2001, City Council established a Taxicab Task Force to study the Alexandria taxicab industry and develop recommendations for improvement. Members of the Task Force included representatives of taxi drivers and of the taxi companies. The Task Force was formed to address various driver concerns mostly relating to control of the certificates of public convenience and necessity.

There is a long history associated with these certificates. Certificates are issued by the City. Without a certificate, a vehicle may not deliver taxi service in Alexandria (with certain minor exceptions). Starting in 1974, the certificates were issued to and held by the drivers. During this time, there were a number of problems. There was often poor service delivered to the public. Passengers were being over charged, drivers refused to pick up passengers, taxicab companies which did not hold the certificates were poorly managed, and Traffic and Parking Board meetings were taken up with hearing and resolving numerous taxi complaints. Because of these problems, control of the certificates was transferred from the drivers to taxicab companies in 1982. From that time on, certificates were issued to and held by the companies; from that time on, many of the taxi-related problems previously experienced by the public disappeared.

In 1994, the United Taxicab Operators Association Incorporated (UTOP) proposed that the Traffic and Parking Board change the holder of the certificates from taxicab companies to taxicab owners. This proposal was not adopted. In 1997, City Council considered the UTOP proposal, and voted to maintain the way in which the City issues certificates.

Alexandria's existing taxicab system consists of six privately-owned taxicab companies which have been issued a total of 645 certificates. Each certificate authorizes the operation of a single

taxi vehicle. Thus, there are 645 taxicabs in operation in the City. Since many cabs are driven by more than one individual, each of whom is required to hold a driver's permit from the City, there are 1,050 driver permits now existing in Alexandria.

The number of taxicabs that each company operates -- i.e., the number of certificates issued to the companies -- is regulated by the City with input and advice from the Traffic and Parking Board. Taxi drivers operate as independent contractors to the cab companies. Many drivers own and maintain their own taxi, and pay "stand dues" to the companies in exchange for services and the right to drive under a company's certificate and "colors." The stand dues are a fixed amount of money, and are not related to the number of hours a taxi operates or the amount of fares a driver earns. All fares are earned and kept by the driver. Some taxi companies own several cabs which are leased to drivers. However, most taxis in Alexandria are owned by drivers. Some of these owner-drivers lease their cabs to other drivers during the times the owners do not use them. Some drivers own more than one cab, and lease these vehicles (which are covered by certificates) to other drivers.

The taxi companies deal with practically all consumer complaints, are required to keep certain records and are required to maintain 24-hour dispatch service.

DISCUSSION: The Task Force dealt with one main issue and six related issues. The main issue was the control of the certificates. The related issues were: (1) driver income; (2) driver return on investment; (3) driver treatment; (4) non-enforcement of City regulations; (5) the number of certificates; and (6) issues related to taxi fares.

The Task Force considered seven proposals that related predominantly to the first issue, but to others as well: (1) continue operating the existing system; (2) implement a medallion system under which certificates are bought and sold; (3) implement a two-tier system with two types of taxicab service, airport only cabs and local dispatched cabs; (4) provide for an employee-owned cooperative taxicab company; (5) establish a City-owned taxi company; (6) establish a full-service taxicab firm; and (7) the UTOP proposal.

The Task Force determined that no one option addressed all the issues. Therefore, the Task Force voted to pass the following five items to the Traffic and Parking Board and City Council for consideration.

1. Institute a two-tier system where there are two categories of taxicabs - airport only cabs and local radio-dispatched cabs. Under this proposal, airport only taxicabs would only pick up passengers from the airport; they would not take passengers from the City to the airport or otherwise work in the City. The local radio-dispatched cabs would handle all taxi work in the City, and would be able to pick up passengers at the airport. Cab companies classified as "airport only" could become local radio-dispatched companies if they met the criteria for such companies. It should be noted that one of the drivers' representatives on the Task Force was not in favor of a two-tier system. Also, many

drivers and some of the smaller cab companies opposed a two-tier system. The City Attorney's office has determined that there is no legal impediment to this proposal.

2. Institute a certificate recall to create a certificate pool. Under this proposal, certificates would be recalled in order to create a pool of certificates to increase some flexibility in managing the taxi industry. The goal would be to recall five percent of the certificates over a two-year period and place those certificates in a pool. If needed, the certificate recall would be continued after the second year. However, there was disagreement among the Task Force members on whether the recall should extend past two years. Once the certificates are in the pool, several things could be done. If there were more than enough existing certificates to meet the demand for taxi service, the certificates in the pool could be retired. The certificates in the pool could also be reissued to help start up an employee-owned taxi company or could be given to individual drivers meeting certain criteria, such as years of service (in which case, rules governing the use of those certificates by the drivers would have to be drafted) (see paragraph 5 below). There was not a uniform position among the Task Force members on this issue. Several members felt that the recalled certificates should not be redistributed; one member felt that the recall served no purpose at all. Many drivers and some of the smaller taxicab companies also opposed the certificate recall.
3. Change the City Code to require that the cab companies incorporate a dispute resolution process to handle disputes between drivers and companies. Under this proposal, the City Code would be revised to require that cab companies provide a process for resolving certain disputes between drivers and the companies that could not be resolved by the parties themselves. Under this process, those disputes could, at the drivers' option, be eventually addressed and decided by an independent person outside of the companies. Again, there was disagreement among the Task Force members on this issue. Some members felt that the Traffic and Parking Board could be the forum for dispute resolution. Most cab companies seemed to be in favor of a dispute resolution process. Some drivers did not feel it would be helpful.
4. Have dedicated taxicab representatives on the Traffic and Parking Board. Under this proposal, two people from the taxi industry would be appointed to the Traffic and Parking Board, a driver representative and a company representative. This would require two new seats on the Board and make the Board nine members large. Some Task Force members questioned the value of this since very few taxi issues presently go before the Board, and this has been the case for the past several years.
5. Have staff develop one or more concepts to issue certificates directly to drivers who have driven an Alexandria taxicab for many years. In response to the request for concepts, staff developed two options in conjunction with this proposal.

Under the first option, drivers meeting certain criteria could be issued one of the certificates in the certificate pool created by the certificate recall. The certificate would entitle the driver to the same rights that existing grandfathered certificate holders enjoy. The certificates could, for example, be issued on a driver seniority basis (i.e., number of years driving a tax in Alexandria). Neither the City nor the cab companies have records indicating the longevity of the drivers, so implementing a scheme based on driver seniority would be very difficult.

Grandfathered certificates basically operate as follows. The holder of a grandfathered certificate must operate in affiliation with a taxicab company. The holder cannot transfer from one company to another, unless the holder is involuntarily discharged by the company with which he was affiliated in which case he/she is able to transfer with the certificate to another company. Otherwise, a grandfathered certificate holder who leaves the company with which he is affiliated is required to return his certificate to the City Manager. Since the City does not regulate stand dues, a grandfathered certificate holder is free to negotiate whatever level of dues he is able to obtain. Also, a grandfathered certificate holder can allow others to drive under the certificate. This is typically done pursuant to a lease with another driver who holds a driver's permit issued by the City. Grandfathered certificates cannot generally be transferred, in whole or in part, when a the certificate holder leaves the Alexandria taxicab industry.

Under the second option, drivers meeting certain criteria would be issued one of the certificates in the certificate pool, and would obtain rights that differ from those that existing grandfathered certificate holders enjoy. For instance, a certificate-holding driver would be required to drive for a taxi company, but could be allowed to move between companies once every year or during after a different period. Under this option, the certificates would not be transferable and could only be used by the driver to whom the certificate was issued. The selection criteria defining which drivers could be issued certificates would be developed to ensure quality service. Thus, for example, drivers with vehicles older than five years would not be eligible to hold a certificate. Also, drivers with a complaint found valid by the Traffic and Parking Board would not be eligible to hold a certificate.

The above recommendations were brought before the Traffic and Parking Board at a special meeting on October 21, 2002. The Traffic and Parking Board considered each recommendation separately as follows:

1. Two tier system: The Board unanimously approved a motion to approve the Task Force recommendation.
2. Certificate recall and certificates pool: The Board unanimously approved a motion rejecting the Task Force recommendation.

3. Dispute resolution: The Board approved a motion to approve the Task Force recommendation by a vote of six to one.
4. Taxicab representative on Traffic and Parking Board: The Board unanimously approved a motion rejecting the Task Force recommendation.
5. Concept to issue certificates to drivers: The Board approved a motion rejecting the Task Force recommendation by a vote of four to zero, with two members abstaining.

ATTACHMENT: Taxicab Task Force Report

STAFF:

Richard J. Baier, P.E., Director, Transportation and Environmental Services

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Taxicab Task Force Report

October 21, 2002

Taxicab Task Force Staff Report

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History of Taxicab Industry
Minutes of Task Force Meetings

EXECUTIVE SUMMARY

This report contains the recommendations developed by the Taxicab Task Force. The Task Force dealt with one main issue and six related issues. The main issue was the control of the Certificates of Public Convenience and Necessity (certificates). The related issues were: 1) driver income; 2) driver return on investment; 3) driver treatment; 4) non-enforcement of regulations; 5) excessive certificates; and 6) fare related issues.

The Task Force considered seven options for the Alexandria taxi industry. These options were: 1) do nothing and continue operating with the existing system; 2) implementing a medallion system; 3) implementing a two-tier system with two types of taxicab service - airport only cabs and local dispatch cabs; 4) an employee-owned cooperative taxicab company; 5) a City-owned taxi company; 6) a full-service taxicab firm; and 7) the UTOP proposal.

After careful consideration, the Task Force determined that no one option addressed all the issues. Therefore, the Task Force developed the following five recommendations:

- 1) Institute a two-tier system where there are two categories of taxicabs - airport cabs and local radio-dispatch cabs. The airport taxicabs would only pick up passengers from the airport and would not take passengers from the City to the airport or work the local cab stands. The local radio dispatch cabs would handle everything else and would be able to pick up at the airport;
- 2) Institute a certificate recall to create a certificate pool. The purpose of the certificate recall is to create a pool of certificates to increase flexibility in managing the taxi industry. The goal is to recall five percent of the certificates over a two-year period and place those certificates into a pool. If needed, the certificate recall would be continued after the second year. Once the certificates are in the pool several things could be done. If there were more than enough existing certificates to meet the demand for taxi service, the certificates in the pool could be retired. The certificates in the pool could also be reissued to help start up an employee-owned taxi company or given to a specific group of drivers meeting certain criteria such as years of service.
- 3) Change the City Code to require that the cab companies incorporate a dispute resolution process to handle disputes between drivers and the cab companies. The City Code would be revised to require that cab companies include language in their driver contracts specifying that disputes between drivers and the companies be dealt with through the American Arbitration Association under its Commercial Mediation Rules, or a completely independent person when disputes can't be mutually resolved.
- 4) Have a dedicated taxicab representative on the Traffic and Parking Board. A person from the taxi industry would be appointed to the Traffic and Parking Board. The proposed board member could be either a driver or someone from a taxi company. This would not be a new seat but simply replace one of the existing Board members when their term expires.

5) The Task Force recommended that staff develop a concept to issue certificates directly to long-term drivers who have driven an Alexandria taxicab for many years. Per the Task Force recommendation, staff developed the following two options: 1) Long-term drivers be issued a grandfather type certificate; or 2) Drivers be issued "free agent" type of certificate.

In option one, the long-term drivers would be issued one of the 31 certificates in the certificate pool created by the certificate recall. This certificate would entitle the driver to all of the rights that the existing grandfather certificates provide. It needs to be pointed out that the existing grandfather certificates only allow a driver to operate a taxicab under the colors of an existing Alexandria taxicab company. In certain situations the grandfather certificate provides some flexibility to move the certificate between companies. The certificates would be issued on a driver seniority basis. It also needs to be noted that neither the City or the cab companies have records indicating the longevity of the drivers.

In option two, drivers meeting certain criteria would be issued one of the 31 certificates in the certificate pool. This certificate would allow drivers to move freely between companies once every year. The free agent certificates will not be transferable between drivers and so can only be used by the driver who the certificate was issued to. The selection criteria defining which drivers are issued the certificates would be developed to force accountability onto the drivers. First, only drivers with vehicles less than five years old would be issued a free agent certificate. If a certificate holder's vehicle becomes older than 5 years old, the certificate will be revoked and issued to another driver. Second, the certificate holder cannot have any legitimate complaints against him or her. If a legitimate complaint is raised and found valid by the Traffic and Parking Board, the certificate will be revoked and issued to another driver. Third, the certificate holder would be required to drive under the colors of an established Alexandria taxicab company. Lastly, the certificates would be issued to drivers in all six cab companies based on the percentage of cab slots a company has of the total number of cabs authorized to work in the City. Based on this, the number of free agent certificate holders each company would initially have would be as follows: Columbus would have two free agents; Diamond would have seven free agents; King would have three free agents; VIP would have three free agents; White Top would have six free agents, and Yellow would have 10 free agents.

The advantage to drivers of holding their own certificate is that the certificate provides tremendous leverage when dealing with the cab companies. The only income a cab company has is revenue from the stand dues charged to the drivers. The more certificates a company has, the more revenue the company can collect from the drivers. Consequently, if a driver has control of a certificate, the driver can take that certificate and move to another company, thus, leaving the first company with one less certificate to collect stand dues from. Most companies will then lower stand dues and overlook many customer complaints in an effort to keep the driver from moving the certificate to another company.

INTRODUCTION

On June 26, 2001, a Taxicab Task Force was established to investigate the Alexandria taxicab industry and develop recommendations for improvement. This report contains the recommendations developed by the task force. The task force dealt with one main issue and six related issues. The main issue was the control of the Certificates of Public Convenience and Necessity (certificates). The related issues were: 1) Driver income; 2) Driver return on investment; 3) Driver treatment; 4) Non-enforcement of regulations; 5) Excessive certificates; and 6) Fare-related issues.

History of The Alexandria Taxi Industry

There is a long history associated with control of the certificates. From 1974 through 1982 the certificates were held by the drivers. Having the drivers hold the certificates created a number of problems. Service to the public began deteriorating, passengers were being over charged, many new taxicab companies began opening up, the Traffic and Parking Board heard many, many taxicab complaints running late into the night. Because of all these problems, the certificates were assigned to the taxicab companies in 1982. Since the taxi companies have held the certificates the problems of the past were virtually eliminated.

At the October 24, 1994, annual hearing of the Alexandria Traffic and Parking Board on the State of the Taxicab Industry, the United Taxi Cab Operators Association, Incorporated (UTOP) made a request to change the holder of the certificates from the taxicab companies to the taxicab owners. Chairman Schumaier indicated that the Taxicab Subcommittee would meet to discuss the proposal. The UTOP proposal was never adopted.

On January 25, 1997, City Council considered the UTOP proposal that the City issue taxicab certificates to individual taxicab owners rather than taxicab companies and enable taxicab drivers to transfer from one taxicab company to another every two years. The Council voted 6 to 1 to maintain the way in which the City issues taxicab certificates. At the January 13, 1998, City Council legislative meeting, Vice Mayor Euille asked staff to include an item on the Saturday, January 14, 1998, Council docket to create a working group to review the issues raised by UTOP and provide Council with a report by the end of 1998. This was tabled by City Council and no action was taken.

Explanation of Existing Operations

The Traffic and Parking Board has jurisdiction over taxicabs and their owners and operators in Alexandria. The Board regulates the number of cabs allowed to operate in the City as well as hears complaints.

Alexandria's existing taxicab system consists of six privately-owned taxicab companies with a combined total of 645 cabs in operation. The number of taxicabs that each company operates is regulated by the number of certificates the City issues through the Traffic and Parking Board to each company. The cab drivers operate as independent contractors to the cab companies. The

cab driver owns and maintains the taxi while paying the taxi company stand dues in exchange for services provided by the company. The stand dues are a fixed amount, not related to the number of hours a cab operates or the income a cab earns. All fares are earned and kept by the driver. Some drivers lease their cabs to other drivers during the times when the driver/owner is not driving the cab. Some of the taxi companies own several cabs which are leased to drivers; however, most drivers prefer to own their own cab. Some of the drivers also own a small fleet of cabs which they lease to other drivers. The companies deal with most complaints, must keep certain records, and are required to maintain a 24-hour dispatch service.

The demand for taxi service in Alexandria is not sufficient to support all six cab companies having an independent dispatch service as required by Code. A 24-hour-a-day, seven-day-a-week dispatch service is expensive to operate - too expensive to be feasible for the smaller cab companies. Consequently, several of the smaller cab companies do not have dispatch service and their cabs operate primarily out of the airport. There are three 24-hour dispatch companies providing full service and three airport-oriented companies that do not have the 24-hour dispatch required by City Code.

Some of the companies have also entered into contracts to provide social services transportation service.

Description of the Taxi Business in Alexandria

The Alexandria taxi industry is an income-based industry, not a growth-based industry. The only form of income available to the taxi companies is revenue generated from stand dues collected from the taxi drivers. The only way to increase revenue is to increase stand dues or increase the number of taxicabs in operation. This is different than most other industries in that most industries have growth potential. That is, the value of the company increases over time. This is not the case with an Alexandria taxicab company. The value of an Alexandria taxicab company is mainly dependant on the income-generating capability of the company.

The Alexandria taxicab companies have taken two approaches to operation. The larger companies have invested in dispatch centers and entered into para-transit contracts to generate increased revenue for the taxi drivers. If the taxi drivers earn more money, the companies can charge higher stand dues. The smaller companies have taken a minimalist approach by providing limited support services to the drivers and charging much lower stand dues than larger companies.

DRIVERS ISSUES

The Taxicab Task Force found that there were six main issues that concerned the drivers. These issues were: 1) Driver income; 2) Driver return on investment; 3) Driver treatment by the cab companies; 4) Non-enforcement; 5) Excessive certificates; and 6) Miscellaneous fare related issues.

Driver Income

The drivers are concerned that driver income is too low for the amount of money invested. The drivers must purchase their vehicle, while also paying for stand dues, gas, maintenance, insurance, and other operating costs. The Task Force had no data on actual driver incomes to evaluate.

Driver Return on Investment

The drivers are concerned that they get very little return on their investment. The driver must purchase the vehicle and pay all the operational costs for that vehicle. Typically, it will cost a minimum of \$4,000 to \$5,000 to purchase and equip a taxicab. As with most assets, the vehicle depreciates in value. When the driver chooses to leave the industry the driver has very little equity - only the value of the vehicle. While, at the same time, the driver bears a certain amount of risk. For example, if the vehicle breaks down the driver bears the repair costs and the vehicle is not generating any income because the vehicle is not in operation. However, even with an inoperable vehicle, the driver is still expected to pay the weekly stand dues to the taxi companies. Although this scenario is not different than many other business, the drivers perceive that they bear a disproportionate share of risk for the amount of money they must invest. The drivers are of the impression that while the driver bears most of the risk and realizes no increase in equity, the companies have very little risk yet increase in equity.

Driver Treatment

The drivers are concerned that they are not treated fairly by the cab companies. The drivers perceive that the cab companies have considerable power to do as they wish with the driver. While on the other hand, the drivers are stuck because they have had to purchase a vehicle and if they choose to leave the company, they still may need to make loan payments on the vehicle. Since the drivers act as independent contractors to the cab company, the company can terminate the contract at any time.

Non-Enforcement

The issue of non-enforcement of the regulation requiring that all cab companies provide a 24-hour dispatch service came up. This was a difficult issue because all of the companies claim to provide the dispatch service. The companies in question claim that they have dispatch but that the drivers turn off the two-way radio so that it is difficult for the company to dispatch calls. The drivers, on the other hand, claim that because they never get dispatched the two-way radios in the cabs are just turned off.

Excessive Certificates

There is considerable concern over the number of certificates. This was a particularly sensitive subject because while the airport was closed, all the airport cabs came into the City where there was not sufficient rider-ship to support the larger number of cabs. For comparison, Alexandria has five cabs per 1,000 population, Arlington has 3.6 cabs per 1,000 population, Washington D.C. has 10 cabs per 1,000 population, and New York City has 1.5 cabs per 1,000 population.

Decreasing the number of certificates would serve to increase the workload of the remaining cabs, thereby increasing income for the drivers.

Fare Related Issues

There were two fare-related issues that were considered - the minimum age for paying passengers and the cost for handling luggage. Both of these issues have been acted on.

OPTIONS CONSIDERED

In dealing with these concerns the task force considered a number of alternative "remedies" including: 1) keeping the existing system; 2) a medallion system; 3) a two-tier system; 4) an employee-owned cooperative company; 5) a City-owned company; 6) a full-service company; and 7) the UTOP proposal to issue the certificates directly to the taxi drivers. The following is a brief description of each item considered along with a list of advantages and disadvantages for each item.

Existing System

Overall, the existing system offers the following advantages and disadvantages:

Advantages:

- Has provided quality taxi services to Alexandria residents for many years;
- The cab companies deal with most customer complaints, thereby reducing the need for City involvement;
- Allows for contract services such as para-transit programs;
- Provides stable income for the cab companies so that they are able to invest in infrastructure; and
- Relatively easy for new drivers to get into the business.

Disadvantages:

- Drivers are not entirely free to move from company to company since they may only transfer to a company which has a "vacant" certificate;
- Since drivers are independent contractors working under contract for the companies, drivers do not share in the value of the companies which stems in large part from the certificates; and
- Cab companies have the upper hand over the drivers since drivers are independent contractors. The company-driver relationship is defined by contract between the two.

Medallion System:

In a medallion system individual certificates are the property of the holder and may be sold to the highest bidder/payer. The certificate holders pay the issuer a small annual fee for the certificate. Since there are only a limited number of certificates issued, the market value of the certificates can be very high. When a medallion system is first implemented, the certificates are usually

issued to the individual taxi drivers. However, over time, as drivers leave the industry, the certificates are usually sold to the highest bidder. What ends up happening is that one or two big companies ultimately end up with all the certificates. These companies then lease the certificate to an independent taxi driver who must provide his own vehicle, insurance, maintenance, etc.. Little else is provided by the holder - no radio dispatch, no way for riders to express dissatisfaction with the driver.

Advantages:

- The medallion can increase in value, thereby providing the assigned holders with a one-time cash benefit.

Disadvantages:

- Very difficult for the certificate issuer to manage;
- No radio-dispatch cabs;
- No social services programs;
- Over time monopolies develops where all of the certificates are owned by a very few entities; and
- Entry into the system for new drivers is very expensive.

Two-Tier System

In a two-tier system the City will have two categories of taxicabs - airport cabs and local radio-dispatch cabs. The airport taxicabs will only be permitted to pick up riders from the airport. They will not be permitted to take riders from the City to the airport. The local radio-dispatch cabs will handle everything else and would be able to pick up at the airport. The existing operations in Alexandria are a defacto two-tier system. Today Alexandria has some cabs with 24-hour radio dispatch and some cabs with no dispatch. The radio-dispatch cabs tend to work the local community, while the non-radio dispatched cabs tend to work the airport. The different classes of cabs are not restricted by regulation as to where they can work.

Advantages:

- Bring Alexandria's taxicab regulations into conformity with how the industry operates today. Airport cab companies would no longer be violating the 24-hour dispatch requirement and the 51-percent rule;
- Allows the City to regulate the number of cabs that work the airport and the number of cabs that work locally; and
- Help ensure that the radio-dispatched companies maintain an adequate number of cabs to support the dispatch services along with contracts.

Disadvantages:

- Some drivers would loose the ability to work in the City.

Employee-Owned Cooperative Taxicab Company

Existing regulations permit the formation of an employee-owned taxi company. Drivers could either start up their own company or purchase an existing company. The company could then establish reasonable stand dues and allow the drivers to own shares and possibly realize some appreciation. Starting a new taxi company in Alexandria will be difficult because it would require the City issuing new certificates or taking certificates from the existing companies and redistributing them to the new company. Presently, there is a surplus of certificates, and it is unlikely that the City could justify adding new certificates for the new company start up. As an option the City could create a certificate pool by collecting a small number of certificates from all the companies, and over time issuing some of them to a new driver-owned company as specified in the City Code requirements applicable to new cab companies.

Advantages:-

- Drivers could gain value the longer they work if the company's value appreciates; and
- Drivers could manage themselves and set their own stand dues.

Disadvantages:

- It would be difficult to establish a new taxi company in Alexandria because there is already a surplus of certificates; and
- Creating a certificate pool by removing certificates from existing companies with fixed costs may hurt existing drivers because the cab companies may need to increase stand dues to make up for the loss in revenue created by losing certificates.

City Owned Taxi Company

In the City-owned taxi company, drivers are City employees who drive City-owned taxicabs. The drivers either work on a fixed shift or rotating shift. Drivers typically work a 40-hour week and earn overtime if called in to work extra hours. The City would bear the cost of maintaining the taxicab fleet. An alternative to this option would be for the City to contract out for taxicab service. In this scenario the City would go out to bid for taxi service every three to five years.

Advantages:

- City would have complete control over the taxi industry.

Disadvantages:

- Very expensive, especially if drivers are City employees, and almost certainly would require, like DASH, a substantial public subsidy;
- Little flexibility for drivers;
- Drivers may earn less than today; and
- City vehicle maintenance staff would need to increase to maintain the additional vehicles.

Full Service Taxicab Firm

The full-service taxicab firm is similar to the City-operated taxi company except that the company is privately owned and operated. Certificates are issued to this single company, which

is required to own and maintain all the taxicabs and to hire drivers and employees who are paid an hourly wage and possibly provide some benefits.

Advantages:

- None

Disadvantages:

- Drivers may earn less than today since company costs would likely increase and industry revenue would remain about the same since fares are regulated.

UTOP Proposal

In the UTOP proposal the City issues the certificates to the owner's of Alexandria's taxicabs who are not always the drivers. This would be phased in over six years. Certificate holders would be able to transfer from one taxi cab company to another every two years, and to take their certificate with them. The certificate of an owner who leaves the industry would be returned to the City for issuance to a new owner.

Advantages:

- Certificate holder/drivers could transfer between companies every two years; and
- Companies might be more accommodating to owners/drivers since they would be able to cause the company to lose certificates.

Disadvantages:

- Creates substantial risk for companies and corresponding reluctance to provide significant investment since the sole source of revenue (the certificates) are guaranteed to exist for only two years;
- Could be more expensive for some taxicab drivers. Since certificates are issued to owners and not drivers, one person may own many cabs and lease the certificate and cab to the driver. The driver will have to pay stand dues and pay for the use of the certificate.
- Companies will not be able to guarantee a fixed number of taxi cabs to enter into and effectively manage transportation contracts;
- Traffic and Parking Board may have to hear more complaints; and
- Companies will compete for certificate holders by offering small stand dues with little services to the drivers. The existing dispatch services would be negatively impacted because of decreased revenues.

RECOMMENDATIONS

Two-Tier System

The Task Force recommends a two-tier system where the City will have two categories of taxicabs - airport cabs and local radio dispatched cabs. The airport taxicabs will only be permitted to pick up passengers from the airport. They will not be permitted to take passengers from the City to the airport. The local radio dispatch cabs will handle everything else and will be able to pick up at the airport. Implementing a two-tier system will require revising the City Code.

Certificate Recall

The Task Force recommends a certificate recall for the purposes of creating a certificate pool to increase the City's flexibility to manage the Taxi industry. The certificates would be placed in the pool and could be retired if there were an excess of existing certificates on the street. The certificates could also be reissued to help start up an employee owned taxi company or given to a specific group of drivers meeting certain criteria such as years of service. The Task Force is recommending a reduction of five percent of the 645 certificates to reduce the total number of certificates to 614. In actuality this is slightly less than five percent because of rounding differences. Each of the six taxicab companies will return five percent of their certificates over a two-year period. When a pre-1982 grandfather certificate holder leaves the industry, that certificate will be eliminated and not placed in the certificate pool. When a certificate is returned through death or voluntary return without a transfer, the certificate will also be eliminated. At the annual renewal of certificate numbers ending June 30, 2003, and June 30, 2004, by the mandate of the City, the company will reduce the total number by three percent in 2003 and by two percent in 2004 with the result rounded up or down to the nearest whole number. The certificate recall would recall 31 certificates. The table below shows how many certificates will be taken from each company during the initial certificate recall. If the certificate recall is successful, the recall may be continued past the second year as necessary.

Company	Current # of Certificates	2003 Reduction	2004 Reduction	Total Reduction	Final # of Certificates
Columbus	46	1	1	2	44
Diamond	156	5	3	8	148
King	57	2	1	3	54
VIP	58	2	1	3	55
White Top	116	3	2	5	111
Yellow	212	6	4	10	202
Total	645	19	12	31	614

Dispute Resolution Process

The Task Force recommends that a dispute resolution process between drivers and cab companies be developed to provide a fair and impartial way to settle disputes. The dispute resolution process will require the City Code be changed to require taxicab companies to adopt mediation as part of their contractual dispute settlement procedure. The driver contracts should include similar language to the following clause:

If a dispute arises out of or relates to this contract, or the breach thereof, and if the dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute through mediation administered by the American Arbitration Association under its Commercial Mediation Rules before resorting to arbitration, litigation, or some other dispute resolution procedure. If the dispute cannot be resolved through mediation then the dispute shall be settled by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgement on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

Have Dedicated Taxicab Representatives on The Traffic and Parking Board

The Task Force recommends that the Traffic and Parking Board have a dedicated taxicab representative on the Board. The purpose of having a dedicated taxicab representative on the Traffic and Parking Board is to provide the Board with a member with expertise in the taxi industry. The way the task force envisioned this working is that a person from the taxi industry be appointed to the Traffic and Parking Board. The proposed board member could be either a driver or someone from a taxi company. This will not be a new seat but simply replacing one of the existing Board members when their term has expired.

Develop Concept to Allow Drivers to Control Their Own Certificates

The Task Force recommends that staff develop a concept to issue certificates directly to long term drivers who have driven an Alexandria taxicab for many years. The intent is to provide the long-term driver with something of value. Staff has developed the following two options: 1) Long-term drivers be issued grandfather type certificates; and 2) Drivers be issued "free agent" type of certificates.

In option one, the long-term drivers would be issued one of the 31 certificates in the certificate pool created by the certificate recall. This certificate would entitle the driver to all of the rights that the existing grandfather certificates provide. It needs to be pointed out that the existing grandfather certificates only allow a driver to operate a taxicab under the colors of an existing Alexandria taxicab company. In certain situations the grandfather certificate provides some flexibility to move the certificate between companies. The certificates would be issued on a driver seniority basis. It also needs to be noted that neither the City or the cab companies have records indicating the longevity of the drivers.

In option two, drivers meeting certain criteria would be issued one of the 31 certificates in the certificate pool. This certificate would allow drivers to move freely between companies once every year. The free agent certificates will not be transferable between drivers and so can only be used by the driver who the certificate was issued to. The selection criteria defining which drivers are issued the certificates would be developed to force accountability onto the drivers. First, only drivers with vehicles less than five years old would be issued a free agent certificate. If a certificate holder's vehicle becomes older than 5 years old, the certificate will be revoked and issued to another driver. Second, the certificate holder cannot have any legitimate complaints against him or her. If a legitimate complaint is raised and found valid by the Traffic and Parking Board, the certificate will be revoked and issued to another driver. Third, the certificate holder would be required to drive under the colors of an established Alexandria taxicab company. Lastly, the certificates would be issued to drivers in all six cab companies based on the percentage of cab slots a company has of the total number of cabs authorized to work in the City. Based on this the number of free agent certificate holders each company would initially have would be as follows: Columbus would have two free agents; Diamond would have seven free agents; King would have three free agents; VIP would have three free agents; White Top would have six free agents, and Yellow would have 10 free agents.

The advantage to drivers of holding their own certificate is that the certificate provides tremendous leverage when dealing with the cab companies. As mentioned before, the only income a cab company has is revenue from the stand dues charged to the drivers. The more certificates a company has, the more revenue the company can collect from the drivers. Consequently, if a driver has control of a certificate, the driver can take that certificate and move to another company, thus, leaving the first company with one less certificate to collect stand dues from. Most companies will then lower stand dues and overlook many customer complaints in an effort to keep the driver from moving the certificate to another company.

History of Taxicab Industry

History of Taxicab Industry

- 11/19/73 Assistant Attorney Robert Howell discussed the need to formulate a system to decrease cabs in the "unlikely event the need was to arise."
- 1/1/74 Greyhound gives up taxicab concession at Washington National Airport, opening up the airport for cabs from any jurisdiction.
- 1/1/75 Airport will not recognize any cab unless they have been licensed by a local jurisdiction.
- 1975 Alexandria turned over taxicab certificates to the taxicab owners.
- 1/19/76 Hack Inspector Proctor requested a freeze on certificates due to the dramatic jump in certificate applications.
- 12/13/76 Chief of Police Holihah requests the Traffic and Parking Board to freeze certificates and reduce them to 325 cabs.
- 1/19/77 Chief Strobel requests freeze on certificates.
- 5/23/77 Freeze set at 424 certificates.
- 11/21/77 Adequacy of service guidelines put into effect; including 51% rule
- 3/20/76 Freeze lifted by Traffic and Parking Board.
- 9/17/79 Request by Doug Harmon, City Manager, to place a moratorium on taxicab licensing of certificates.
- 10/21/79 Moratorium granted.
- 4/12/82 Moratorium lifted on a tie vote by Traffic and Parking Board.
- 9/21/82 134 applications in front of Traffic and Parking Board for approval.
- 12/31/82 New ordinance passed to allow for annual review of the industry. City Manager now responsible for setting the level of certificates based on Public Convenience and Necessity.

Minutes of Task Force Meetings

City of Alexandria, Virginia

Taxicab Task Force Meeting
December 4, 2001, 7:30 p.m.
301 King Street, Alexandria, VA 22314
City Council Workroom, Second Floor

MINUTES

ATTENDEES:

TASK FORCE MEMBERS:

Councilwoman Joyce Woodson; Vice Mayor Bill Cleveland
Jay Johnson, Traffic and Parking Board Representative;
Chet Avery, Persons with Disabilities representative; C.I.
Dodhy - President, United Taxi Cab Operators Association;
Randy Stephens, Cab Driver

NOTES:

1. *Two Task Force designees to be named to represent taxicab companies (copy of letter of request attached)*
2. *The sign-in roster was not returned to staff so an accounting of the large number of individuals attending is not possible. However, the following individuals participated in the meeting:*

CAB COMPANIES:

Yellow Cab, Jacob Mayhew; Diamond Cab, Bob Hoar; VIP Cab, Zari-Karimian; White Top Cab, Ahmed Latif; King Cab (various representatives) Columbus Cab, (various representatives)

CITY MANAGER:

Phil Sunderland

CITY STAFF:

Rich Baier, Director, T&ES; Doug McCobb, Deputy Director, T&ES & Staff Liaison Lead; Steve Rosenberg, Senior Assistant City Attorney; Pete Crawford, Police Department; Jim Oakes, Hack Inspector

The meeting was opened by City Manager Phil Sunderland, and the agenda was reviewed with regard to that night's meeting. There was discussion regarding what information was collected from the taxicab companies and what that information actually meant with regard to questions that were sent out earlier to taxicab companies in Alexandria.

City Manager Phil Sunderland said that, as we began to review data, it seemed like we had 4 to 5 complaints per week being lodged with the major companies according to company dispatch

records. Randy Stephens explained the difference, as he perceived it, between a complaint against the company and a complaint against the driver. For example, if a driver was dispatched to a call and the driver did not respond to the call, or the cab came late, then that is complaint against a driver. C.I. Dodhy mentioned that he wanted to have the nature of the complaint rather than just having the complaint listed on the data collection form.

City Manager Phil Sunderland said that, assuming we have valid figures, we have about 140 complaints per month. Back in 1981, the City would have been processing all of these. Ahmad Latif said that he deals with 4 to 5 complaints during any rush hour at White Top. There was discussion about follow-up of complaints after they were reviewed. Phil Sunderland said that we need to understand more about the nature of the complaints, whether they are major complaints or minor complaints, whether they are complaints that are followed up on or not. By follow up, we are talking about responding to the customer who is complaining.

Assistant City Attorney Steve Rosenberg said that the Traffic and Parking Board (TPB) still hears complaints against drivers and it was cited that in a recent case the TPB heard a complaint and it took about an hour to be presented to the TPB. As the existing Code is written the complaints can be heard by the TPB but it does place a burden on them.

When asked if staff obtained the contracts, Rich Baier, Director of Transportation & Environmental Services, responded that the contracts did come in from the various cab companies. However, several contracts, and the data with them, were marked "confidential."

There was discussion about the stand dues. Randy Stephens asked whether or not the dispatch ability from the cab company offsets stand dues and whether or not they are worth it. Phil Sunderland mentioned that we would get more into this issue on the next page of the matrix.

The question as to the number of open certificates was posed. Yellow responded that they did not have any open. It was not clear how many Diamond had open. There was some discussion that Diamond, due to the DOT/Paratransit programs, did have a lot of movement of drivers to and from Diamond. It was discussed whether or not the drivers for Diamond regarding these DOT/Paratransit Program rates were actually making a fair amount of money. Chet Avery responded that the contract rates for the DOT/Paratransit contracts are comparable to other fares but he thought that the issue was the reimbursement time frame.

Discussion ensued regarding the drivers costs and the inconsistency of their flow of cash. The cash flow for contract related drivers was described as irregular and that created problems for the drivers. Then there was a discussion that Red Top charges more but it was reported that they give drivers less. There was some discussion comparing Red Top to Diamond insofar as the drivers take-home cut and the appropriate customer charges.

Phil Sunderland then commented regarding the impact of any organizational structure and that providing service to all segments of the population were the City's ultimate responsibility and

concern. It's very important to the City that the contracts for the DOT/Paratransit Programs, as well as all the relationships with all the cab companies, maintain a high degree of responsibility to the citizens of the City.

Phil Sunderland also asked if cash flow was a major problem which caused the drivers to move around. There was some discussion from the Taxicab Task Force as well as the audience on this issue. Mr. Laychus, of the Traffic and Parking Board, mentioned that some of the tips on the DOT/Paratransit contract fares may be reduced and this may cause some drivers to move from Diamond and this DOT/Paratransit provision of services. There was a discussion of the timing on payments made under the DOT/Paratransit Program. Chet Avery asked if this could be looked into and perhaps the payment could be directly deducted for the stand dues as a credit for the drivers. There wasn't any final conclusion on that issue other than it would be very difficult to track.

The Task Force then moved to the second page of the matrix and Phil Sunderland commented about the number of drivers that have moved from company to company and Chet Avery commented that that may be related to the economic impact of the September 11 terrorism attacks. The question on the matrix was how many drivers had transferred to your company over time. There was some discussion about whether or not that question was clear. Joyce Woodson wanted to make sure we were comparing apples to apples and asked if the density of the City has an effect insofar as our comparison of Alexandria to other cities.

The date of the next meeting was originally set for January 17 but changed, due to conflict of meetings, to January 24.

A spokesperson for VIP Cab Company spoke regarding the stand dues and Chet Avery asked if they have a dispatch service and VIP responded that they do and that it's a 24/7 operation. Phil Sunderland asked that if the economy had not been affected by September 11 terrorism attack, and all cab companies had dispatch services, would there be enough business for all of them to operate on a 24/7 basis. Randy Stephens then questioned the fairness of the Code requirement of dispatch services being required and indicated that some companies having no dispatch services.

Phil Sunderland asked what problems there are now. Mr. Stephens mentioned that it is difficult to maintain appropriate oversight of the cab companies and Phil Sunderland said that he believes that the goal should be that 1) the public needs to receive a good service, 2) the drivers need to get fair and equitable treatment and sufficient compensation, and 3) the companies need to have enough money to provide these services to the public and to operate efficiently. C.I. Dodhy and Phil Sunderland discussed these points in more detail. They discussed the specific role of the dispatching system and talked about the key role of the taxicab driver and then explained how the dispatching services, the taxicab driver, the customer, and the certificate ownership issue are all interrelated.

Randy Stephens said the economy is a problem and the increased stand dues rates are also problems. He mentioned that if you give the certificates back to the drivers, you go to more of a market-based system and have more of a democratic system. When the drivers own the certificates, he said there is actually true competition and not the monopoly that exists today.

Phil Sunderland brought up a concept regarding having two types of certificates -- an "airport only" certificate and an "airport and entire City" certificate, perhaps based upon dispatch/no dispatch services available from the taxicab companies themselves.

Phil Sunderland discussed what he believed were the four major ways the taxicab drivers make money and they are 1) calls in response to radio and dispatch, 2) fares collected from passengers from stands throughout the City, 3) fares collected from passengers from the airport, and 4) paratransit and other contracts. Also, all are somewhat limited in amount of business which relates to the number of cab drivers in the City and the amount of business, and gets to the central question as to whether or not there is enough business for all drivers if all certificates were being utilized, and if there is enough business for all companies to be running 24/7.

Phil Sunderland then spoke to the extent of the industry itself and the problems that the drivers are facing right now and talked about the different regulatory schemes, very briefly, and asked what are the problems at hand, how to resolve these problems, and the limited demand for taxicab service in the City. He also reviewed page 8 of the handout and the matrix and talked about the taxicab per population based on the 1997 data collected and the cities compared/contrasted to Alexandria.

The meeting was adjourned at approximately 9:15 p.m.

City of Alexandria, Virginia

Taxicab Task Force Meeting
January 24, 2001, 7:30 p.m.
301 King Street, Alexandria, VA 22314
Room 2000

MINUTES

TASK FORCE MEMBERS

PRESENT:

Councilwoman Joyce Woodson; Vice Mayor Bill Cleveland; Traffic and Parking Board Representative, Tom Walczykowski; Persons with Disabilities Representative, Chet Avery; United Taxi Cab Operators Association Representative, C.I. Dodhy, President; Cab Driver, Randy Stephens; Taxicab Company Representatives, John Muir, Yellow Cab, and Ken Aggrey, White Top Cab

ATTENDEES:

Yellow Cab, Jacob Mayhew, Mulugetta Yimer, Syed T. Hussain, A. Karim; Diamond Cab, James Kang, Mohammed Khen; White Top Cab, Ahmed Latif, Mohammad K. Abbasi, Omar Gure; King Cab, Yohannes Ghebremedhin; Columbus Cab, Todd Gimian, Charles Shin, Dauod Luftallah; Drivers, Ali Ahmad, Berhane Tesfay; UTOP, Waqar Urneb; Knapp Consultants, Christopher Knapp (at invitation of Yellow Cab)

CITY MANAGER:

Phil Sunderland

CITY STAFF:

Rich Baier, Director, T&ES; Doug McCobb, Deputy Director, T&ES & Staff Liaison Lead; Bob Garbacz, T&ES; Lisa Rhodes, T&ES; Wanda Cudzilo-Smith, T&ES; Ray Hazel, Police Department; Jim Oakes and Kerry Hall, Hack Inspectors

Rich Baier opened the meeting at 7:40 p.m.

Rich Baier mentioned the letter to cab companies requesting them to name two representatives to speak for all cab companies. The two representatives are Ken Aggrey from White top and John Muir from Yellow Cab.

There is a change in the representation from Traffic and Parking Board. Jay Johnson has been replaced by Tom Walczykowski.

Rich Baier introduced minutes of December 4, 2001, meeting. Chet Avery moved to adopt the minutes and Tom Walczykowski seconded the motion. The minutes were adopted as written.

Rich Baier asked Doug McCobb to present the Summary of the Norfolk Taxicab Study. During the presentation, Randy Stephens and C.I. Dodhy had questions and comments and Joyce Woodson stated that she would like to go through the presentation and reserve questions for later.

Phil Sunderland presented the graphic on the relationship among the owners of vehicles, taxicab companies, and taxicab drivers.

Randy Stephens stated that comments from the relationship of vehicle owners were that UTOP pays a large amount of money for "stand dues". He wants to allow certificates to go back to drivers and every two years to allow drivers a move. This model should be reviewed by the task force.

Upon completion of Mr. Sunderland's presentation and discussion, Rich Baier asked Jim Oakes to go over history of the taxicab industry.

Jim Oakes presented the history of the taxicab industry indicating that prior to 1972 the companies owned the certificates, from 1972 to 1982 the drivers owned the certificates, and in 1982 the City Council changed the City Code to allow the taxicab companies to own the certificates and to have an annual review.

Rich Baier opened the meeting for public discussion.

The discussion centered around the following issues.

1. Medallion Certificates. Messrs. Stephens and Dodhy requested the task force to implement the medallion certificate system and the merits of this type of system were discussed.
2. Economic/Income Parity. Councilwoman Woodson would like to have parity between the companies and drivers who have worked for companies for many years.
3. Regulation of Taxicab Industry. Not many industries are regulated, but the purpose of regulation is to have the best possible public transportation service to the public at a fair rate.
4. Ability of Drivers to Transfer from one Company to Another. The taxicab drivers stated that they cannot transfer easily from one company another.
5. Other. There was discussion relation to the need to get concrete suggestions to continue to provide good service and to determine what is wrong with the present system. There was

discussion regarding whether the problems relate to income, taxicab company/driver relationship issues, or both.

The next meeting is set for Wednesday, February 20, 2002, in room 2000.

The meeting was adjourned at 9:20 p.m.

City of Alexandria, Virginia

Taxicab Task Force Meeting
April 2, 2002, 7:30 p.m.
301 King Street, Alexandria, VA 22314
Council Work Room

MINUTES

TASK FORCE MEMBERS

PRESENT:

Councilwoman Joyce Woodson; Vice-Mayor William C. Cleveland; Traffic and Parking Board Representative, Tom Walczykowski; Persons with Disabilities Representative, Chet Avery; United Taxi Cab Operators Association Representative, C.I. Dodhy, President; Cab Driver, Randy Stephens; Taxicab Company Representatives, John Muir, Yellow Cab, and Ken Aggrey, White Top Cab

ATTENDEES:

Yellow Cab, Jacob Mayhew, Grulam Mohammed, Kebede Chiksso, Mahmood Ahmad, Muhammad Warrach, Mulatu Gebrayesio; Columbus Cab, Kanwar Nasir, A. Sharmarlee, Huma Yun Khan; V.I.P Cab, Zari Karimian, Farooq; King Cab, M.A. Abbasi; Diamond Cab, Mohammed Ajor, Davin Dersres, Khan; White Top, Paramjit S. Sunak, Choudhry Abbas, Takir Mohammed; UTOP, Mirza Baig; Driver, Mulugeta Yimer; Knapp Consultants, Carter Knapp.

CITY MANAGER:

Phil Sunderland

CITY STAFF:

Rich Baier, Director, T&ES; Doug McCobb, Deputy Director, Transportation and Transit Services, T&ES & Staff Liaison Lead; Bob Garbacz, Division Chief, Transportation, T&ES; Steve Rosenberg, Assistant City Attorney; Wanda Cudzilo-Smith, Administrative Secretary, T&ES; Paul Story, Police Department; Jim Oakes and Kerry Hall, Hack Inspectors

Councilwoman Woodson opened the meeting at 7:45 p.m. The minutes, with amendments, from the February 20, 2002, meeting were adopted and approved.

The Task Force agreed that the medallion system had been discussed and would no longer be considered.

The Task Force agreed that the DASH transit system was discussed and that the Task Force would review a commission or an existing board for governance.

The UTOP proposal was considered and the cab companies have a concern that the UTOP proposal would only allow transfers every two years. If this proposal was agreed upon, a change in the City Code would be needed. The UTOP proposal would need further clarification on how cab companies would administer stand dues when there are reassigned certificates and administration complaints. Another cab company in the UTOP proposal would create a decline in service. The decline in service would come from not being able to plan on income and without projected income, expenses would need to be reduced and services would decline.

There was a clarification on the difference between dues and fees. Dues are stand dues collected by the cab companies from the drivers. Fees are license fees that are obtained by the driver from the City.

Diamond Cab Company has been providing a City service for the City's DOT program. There is concern that the drivers who work for Diamond Cab Company do not receive their money for the cab fares until the cab company receives payment from the City, a monthly billing procedure. A driver could wait up to a month before being paid for service. Many drivers left the employ of Diamond Cab Company. However, 32 new driver vacancies will be filled within two weeks.

The age of the passenger from a 12-year-old to a 5/6 year old was discussed. It was agreed that staff would make a recommendation for consideration by the Traffic and Parking Board.

Fare charges for luggage and grocery bags were discussed. Staff will review the fare charges from surrounding communities and prepare a matrix for the next meeting.

Finally, there was general agreement to have "Independently Owned" and the cab number shown on the cab door rather than the name of the driver. Revision of the City Code is necessary to make the change.

A short summary of issues, along with the agenda, will be prepared for the next meeting.

The next meeting will be at 7:30 p.m., Thursday, May 23, 2002, in the City Council Work Room.

Respectfully submitted by: Wanda Cudzilo-Smith
May 9, 2002

City of Alexandria, Virginia

Taxicab Task Force Meeting
June 18, 2002, 7:30 p.m.
301 King Street, Alexandria, VA 22314
Council Work Room

MINUTES

TASK FORCE MEMBERS

PRESENT:

Councilwoman Joyce Woodson; Vice-Mayor William C. Cleveland; Traffic and Parking Board Representative, Tom Walczykowski; Alexandria Commission on Persons with Disabilities Representative, Chet Avery; United Taxi Cab Operators Association Representative, C.I. Dodhy, President; Taxicab Company Representatives, John Muir, Yellow Cab, and Ken Aggrey, White Top Cab

TASK FORCE MEMBER

ABSENT:

Taxicab Driver, Randy Stephens

ATTENDEES WHO

SIGNED IN:

Yellow Cab, Jacob Mayhew, Julius M. Cair, Gattew;
V.I.P Cab, Zari Karimian; **White Top**, Ahmad Latif;
Driver, Mulugeta Yimer; **Knapp Consultants**, Carter Knapp.

CITY MANAGER:

Phil Sunderland

CITY STAFF:

Michele Evans, Assistant City Manager; Rich Baier, Director, T&ES; Doug McCobb, Deputy Director, Transportation and Transit Services, T&ES & Staff Liaison Lead; Steve Rosenberg, Senior Assistant City Attorney; Leroy Baker, T&ES; Wanda Cudzilo-Smith, Administrative Secretary, T&ES; Paul Story, Police Department; Jim Oakes and Kerry Hall, Hack Inspectors

Rich Baier opened the meeting at 7:35 p.m. Mr. Baier distributed handouts and made presentation (attached) which described staff recommendations including:

1. Two-tier system
2. Certificate recall
3. Dispute resolution process

There was general discussion regarding advantages and disadvantages of the recommendations and specific points were clarified.

It was announced that City Council had approved the ordinance reducing the age of paying passengers from 12 to 5 years old and eliminated the requirement to display the driver's name on the door of taxicabs.

Mr. Dodhy objected to staff recommendations.

Mr. Sunderland requested Vice Mayor Cleveland to give his views. Vice Mayor Cleveland stated that he believed this plan would be the best way to meet their needs.

Mr. Avery moved that certificates be awarded to drivers and was seconded by Mr. Dodhy. After discussion, Mr. Dodhy withdrew his second.

Councilwoman Woodson moved that the Task Force adopt the staff recommendations and included numbers 4 and 5 as follows:

1. Two-tier system
2. Certificate recall
3. Dispute resolution process
4. Have dedicated taxicab representatives on the Traffic and Parking Board
5. Use UTOP proposal as basis for developing a concept to allow drivers to control their own certificates

There was much discussion regarding implementation details and Councilwoman Woodson stressed these were concepts and may need "tweaked". The motion was seconded by Vice Mayor Cleveland.

Councilwoman Woodson announced that there would be no further meetings of the Taxicab Task Force and adjourned the meeting at 9:35 p.m.

Respectfully submitted by: Wanda Cudzilo-Smith
June 21, 2002

11/22/02

17
11-26-02

To: City Council Members

From: Tom Walczykowski *TW*

Re: CURRENT TAXI CAB SYSTEM HELPED FIND SHIFFLETT KILLER

I am a member of the Traffic and Parking Board and I represented the Board on the Taxi Cab Task Force. I spent 25 years in the FBI, most of my career coordinating strategic and tactical planning for the Bureau's technical support operations, involving 1,000 people and a \$300 million capital budget.

My priorities for concern on taxi matters are the City's 6,000 senior citizens, the 24,000 disabled, the poor, the rest of the residents, the business and traveling users, the taxi companies and drivers; in that order. Any enterprise involving 1,000 drivers and 645 licensed vehicles needs strong managerial oversight to ensure compliance with law, regulations and policies; cost-effective operation and satisfactory customer support. History demonstrates that the City was unable to provide the necessary managerial oversight. I view the City's 1982 decision to place the certificates under the control of the companies as an early form of "privatization" - an accelerating trend for all government entities in this time of tight fiscal constraints.

Alexandria benefits greatly from having strong taxicab companies that respond to the needs of the City and its citizens. Senior citizens and the disabled are well served by the current system. Any problems or issues are directed to the appropriate company managers and the companies have proven time and time again that their concerns are for the City and the taxicab customers.

One recent example was the murder of Kevin Shifflett, and eight year old boy, in the Del Ray area. Early on in the investigation, information developed that an unknown male had left the area in a taxicab after the killing. No drivers came forward to provide information even though this lead was well publicized. The detectives approached Yellow Cab management for support. Yellow Cab, with its million dollar technical infrastructure, reviewed its records and identified the licensed taxicabs that were working the area during the time of the killing. The detectives had Yellow Cab management call in approximately 100 cab drivers for interview. Information critical to the investigation was obtained during the interviews. The licensed owner of a taxicab had left the Country and leased his taxi to another licensed operator. That driver in turn leased the taxi to another licensed driver. Only two drivers rejected initial orders to come in for interview. One was the driver in question and the other carried a grand fathered certificate.

When finally interviewed, the driver in question denied, for over an hour, taking anyone from the area on the day Kevin was killed. He finally admitted to driving the potential suspect out of the City to Prince Georges County. DNA evidence collected from the back of the taxicab, lead to Gregory Murphy, a parolee with a violent past. For the nine weeks

of this investigation Alexandria citizens were in fear for their children. Without the strong management of Yellow Cab, this murder may never have been solved. *

If the City reverts to a system that lets the Drivers hold the certificates, the companies would logically change their priority of concern from a focus on the City and the taxi customers to a focus on simply keeping drivers. The City will be unable to fill in the gap of managerial oversight without an increase in resources and an increased cost to the taxpayers.

There is nothing unfair about the current system. The system works because the market works. Pre-9/11, there was a waiting list to work for Alexandria cab companies. Only Diamond had vacancies, but that was due to the fact that their drivers generally got paid by check rather than by cash. During the last year, several taxi drivers left the country and the taxi companies had to run training classes to test and hire back up to full capacity.

The Task Force approved passing five recommendations on to the Traffic and Parking Board and the City Council for consideration. The Task Force did not approve the recommendations. I oppose providing certificates directly to drivers in any form.

thanks
Tom Walszowski

* I obtained information regarding the Shifflett murder through interview with police detectives and Yellow Cab management.

Sent to CC, CM
#17 Post 11/26/02 RM

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ANNIE KIM

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DISTRICT OF COLUMBIA BAR

* ALSO MEMBER OF THE
TENNESSEE BAR

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WORLD WIDE WEB

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December 4, 2002

Mayor Kerry J. Donley, Members of Council and City Manager
Room 2300
City Hall
301 King Street
Alexandria, VA 22314

Re: Taxicab Task Force Report

Dear Mayor, Members of Council and City Manager:

At its November 26, 2002, meeting, City Council considered the Taxicab Task Force Report, which had been prepared by staff based on five recommendations of the Task Force and the recommendations of the Parking and Traffic and Parking Board. Council decided to refer the report back to staff for revisions and then, if necessary, for referral to the Task Force for its review. Council's concern was that points raised by Council Member Woodson as to the draft of that report may not have been appropriately addressed in report before the Council.

Our firm represents Alexandria Yellow Cab, which had a representative on the Taxicab Task Force. First of all, we think it only appropriate that the comments of a Council Member be considered and reflected in the report. However, it is our recommendation that any revised report not be referred back to the Task Force. That will be a useless act. As noted in my earlier letter to staff (copy enclosed), there was a unanimous agreement on four recommendations. On the fifth recommendation (the only one that the drivers and owners really cared about), there was also unanimous agreement, but largely because everyone was worn out and because that recommendation had no content. As stated in my earlier letter:

"With regard to a fifth issue, awarding certificates directly to drivers, there was no agreement. As a way to end the meeting, which was becoming increasingly contentious, as well as end the Task Force, it was agreed to send this last matter back through normal channel (starting with the City Staff, and if appropriate on to the Traffic and Parking Board and then City Council) to again review the UTOP proposal to see if there is an appropriate way to use some portion of that UTOP proposal."



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Since the final meeting of the Task Force, the staff has done a very good job trying to come up with specific proposals (some "content") that might be the basis for an agreement. They have suggested a number of possible approaches, but it is quite apparent that none of the proposals are acceptable to the taxicab owners. Even the most modest proposal to set aside a few certificates for driver control represents a slow bleed back to the 1974 to 1982 model of total driver-owned certificates. Further, although I do not purport to represent the drivers, I heard them say in testimony to the Traffic and Parking Board that they do not want a few certificates set aside in a pool for a limited number of drivers to control. Unfortunately, this seems to be one of those situations in which a "win-win" is impossible. For both sides, it is all or nothing, a "zero sum game." To try and get agreement from the Task Force will be a waste of time.

We are convinced that if the matter is referred back to the Task Force, not only will there not be a majority to vote in favor of a revised report, there will not be a majority, much less a unanimous vote in favor of the bare recommendations. For example, even though the Task Force unanimously voted in favor of reducing the number of certificates, at the Parking and Traffic Board hearing, many of the drivers (and I believe even the driver representatives) opposed that reduction. If the fifth recommendation is reconsidered in the context of any of staff's specific approaches, there will probably be no support from drivers or owners for any of them, except that the drivers (and maybe Vice Mayor Cleveland and/or Council Member Woodson) will support giving all the certificates to drivers.

We would like to have the matter resolved sooner rather than later. We, therefore, recommend that after the staff report is revised, it should be returned to Council to consider the broader issue of whether certificates should be owned by the drivers or by the cab companies. It should be determined based on the public interest to be served in having a taxi industry in the City.

The public interest is in having taxi service to the entire public – not only for families going to and from the airport or business people going from hotels to meetings, but also for the elderly, the disabled and the poor needing transportation to the doctor, the pharmacy, or the grocery store. Both groups deserve responsive and affordable taxi service. The first group (those who are easy to serve and have the ready ability to pay) are served by most any system. The latter group (those difficult to serve or perceived dangerous to serve and often with less ability to pay) are best served by the current system. The reason is simple – when cab companies own the

certificates, they can require drivers to provide service to that latter group. When drivers own and/or control the certificates, they make choices like any one else with a financial motive. They cream the system leaving many unserved. If drivers can move from one company to another, even if only at specified intervals, the constant threat of mass exodus from one company to another will result in companies not being able or willing to enforce any rules because they will want to keep the drivers in their fold. The public interest will suffer. It is our position that Council made the right decision in 1982 to return to a cab company controlled system after eight very difficult years with ownership of the certificates in the hands of the drivers. In other words, keep the current system of ownership or control of the certificates in the hands of the companies.

With the current system, there are administrative and budgetary advantages. It is much easier and requires significantly less staff to manage six companies than 645 drivers. There are public safety advantages as seen in the Kevin Shifflett case. There are also driver advantages in a system that allows significant capital and overhead to be invested in dispatch services – namely driver income which could not be sustained if those dispatch services did not exist. With driver control – having the ability to move from company to company with their certificate – there is no ability, much less incentive, to invest millions in a modern dispatch service, and have any hope of protecting and earning on that investment.

To summarize, after staff revises its report, we recommend that City Council take up the matter and vote up or down on what kind of system it wants for the City – certificates owned or controlled either by the companies or by the drivers. If you have any questions about these observations or recommendations, please do not hesitate to call me.

Respectfully submitted,



Lonnie C. Rich

c: Jacob Mayhew, Alexandria Yellow Cab, Inc.

Sent to CC, CM
#17 Post 11/26/02 RM

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LONNIE C. RICH**

CARY S. GREENBERG

CAROLINE E. COSTLE*

ANNIE KIM

* ALSO MEMBER OF THE
DISTRICT OF COLUMBIA BAR

* ALSO MEMBER OF THE
TENNESSEE BAR

December 4, 2002

Mayor Kerry J. Donley, Members of Council and City Manager
Room 2300
City Hall
301 King Street
Alexandria, VA 22314

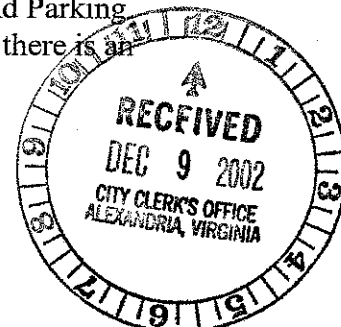
Re: Taxicab Task Force Report

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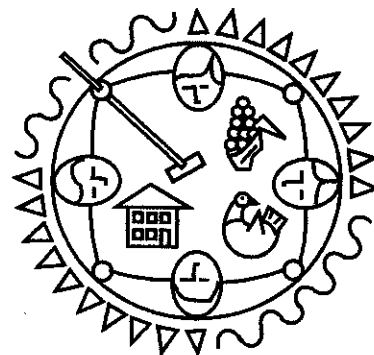
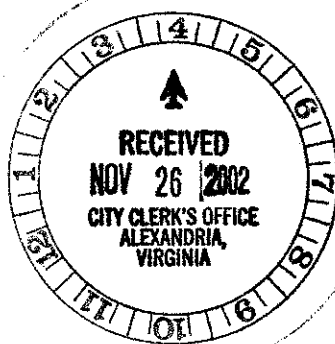


Lonnie C. Rich

c: Jacob Mayhew, Alexandria Yellow Cab, Inc.

November 23, 2002

Kerry J. Donley
Mayor
City of Alexandria
City Hall
Room 2300
301 King Street
Alexandria, VA 22304



Dear Mayor Donley:

The undersigned leaders of the Alexandria United Taxi-drivers Organization (AUTO) oppose the Taxicab Task Force Recommendations being presented to the City Council on Tuesday, November 26, 2002. The proposal does not address the fundamental inequities of the system caused by the city-granted oligarchic control. AUTO will be submitting an alternative proposal in January that will better serve both the community at large and the drivers. We urge you to take no action on the Taxicab Task Force Recommendations until you review the AUTO Plan.

I. Two-tier system

Of particular concern to us is the proposal for a Two-tier System. The system would restrict some cab companies to Reagan National Airport and some to the Alexandria City. Those who worked at the airport would not be required to provide dispatch. AUTO opposes this proposal for the following reasons:

1. The Task Force said that they created this proposal because there were cab companies in the city who did not provide dispatch as required by the city code. The idea for the proposal was that cab companies working at the airport would be relieved of the responsibility of providing dispatch.
 - a. The companies without dispatch are going to meet the requirement of the code by January 1, 2003.
 - b. The industry has room for drivers who work with dispatch and drivers who do not. The law requiring dispatch could be adjusted to have radio/no radio companies like they do in Arlington. It should be noted that not all cabs in the city work under dispatch. It is necessary to have some drivers at

the stands at the airport, subway, hotels, and so on. Dispatch will not provide enough calls for all the drivers in any company to make a living, particularly if all the drivers tried to use it. Many drivers have developed an individual dispatch with cell phones.

- c. Drivers are better able to address peak customer demand periods in the city or at the airport because about a third of the drivers work both areas. If the demand in the city is high, they notify each other by cell phone and shift to the city. The same holds true if the demand is at the airport.

The bottom line remains that the customers are well served by the present system. Changing the system will hurt the customer service and negatively impact the ability of the drivers to make a living.

- 2. The regulatory taking of the ability to work in the city formerly granted by the issuance of an Alexandria certificate deprives both the companies and the drivers who would be shifted to the airport of property without due process.

II. Certificate recall.

AUTO does not support a certificate recall as proposed by the Task Force. Instead, they support shifting control of the certificates to the drivers. The drivers are not asking at this point for independence. They are willing to affiliate with a company. They are asking only that allowing the drivers to move from company to company, and letting them take their certificates with them to break the monopoly of the cab companies. We also think that there should be room in the industry for a driver owned cooperative.

III. Dispute resolution process.

The drivers do not need a dispute resolution process in the form currently being proposed. The treatment the drivers object to from the companies is rooted in business concerns. Because they have a monopoly, the companies do not have the incentive to market the business or to provide adequate dispatch. They do not see the need to help drivers with insurance or repair concerns. They collect stand dues no matter what, and therefore do not feel the need to provide a return in service to the drivers for the stand dues. Again, this problem would be remedied by giving the drivers control of their certificates, creating a competition for the drivers between companies that would generate competition for drivers and better treatment of the drivers by the company.

IV. Dedicated taxicab representatives on the Traffic and Parking Board.
Having taxicab drivers on the Traffic and Parking Board makes sense, since taxicab drivers spend every working hour in traffic. The drivers should have a position on the Board, but the representative should be chosen by the drivers.

V. Certificates to senior drivers.

AUTO opposed this proposal because their position is that all drivers should control their certificates.

Again, AUTO urges you to take no action on the Task Force proposals, and to wait instead for our alternative proposal.

Sincerely,

Ayele Abebe



Mulugeta Yimir



Mesfin Kebret



Balwinder Singh Sahi

Mohamed Khan

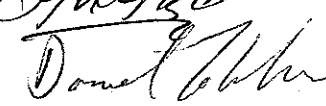
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Abdul Q. Nassir



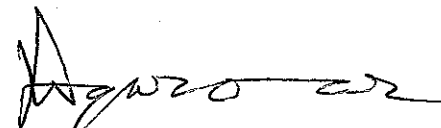
Daniel Tilahun



Abdul Kerim Sharmarke



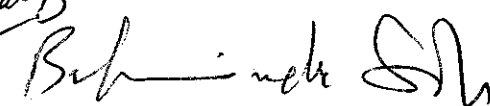
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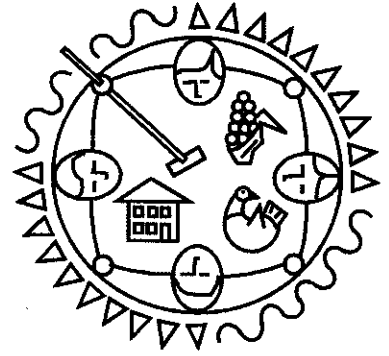


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BALWINDER SINGH





WORKING PEOPLE'S AGENDA

As Presented to Mayor Donley and the Alexandria City Council
November 16, 2002

Concerning the budget process we think this is a good first step toward developing a participatory process. We urge you not to stop here. Hold hearings in Alexandria's many neighborhoods – put your ear to the ground – listen to the ideas and needs of all of Alexandria.

We are here to place 5 items into consideration for the 2004 budget, in each case we are developing more detailed proposals which we will communicate to you at a later point. This is our *Working Peoples Agenda* for 2004 we look forward to meeting with you over the months to come. We hope you share our goals of using government to stimulate a better life for the thousands of low-wage workers, Latinos, African Americans, Africans and immigrants who have been most severely affected by the post September 11th recession:

- 1) Education – We believe that improving parent involvement is critical to improving Alexandria's public schools. This will need to be reflected in the school budget.
- 2) Childcare Providers – Provide a valuable service to Alexandria's working families. The children they care for, the City at large and of course the providers will all benefit by providing health insurance to the providers.
- 3) Taxi Drivers – Quite simply – break the City-monopoly granted to 6 companies and allow the drivers freedom of movement. This probably does not impact the budget.
- 4) Housing – Preserve all existing affordable housing and create opportunities for 100 low-income (cooperative) home owners.
- 5) Multi-purpose Center – Create a public / private partnership that allows the Committee to build a multipurpose community center on half of the old Datatel property. This Multi-purpose Center will begin to address community needs around: health and wellness, youth activities and education, civic participation and employment. This requires no committed capital or operating monies – just political will and a 30 year lease.

Thank you for your time. We look forward to working with you in the coming months.

COMITE DE APOYO DE INQUILINOS Y TRABAJADORES • TENANTS' AND WORKERS' SUPPORT COMMITTEE

P.O. BOX 2327 Alexandria, VA 22301 Tel. (703) 684-5697 Fax: (703) 684-5714





COUTALEX@aol.com

11/26/2002 04:17 PM

To: Barbara L Carter@Alex

Subject: Taxicab Issue: Senior Services of Alexandria Virginia Statement

17

11-26-02

Dear Mayor Donley, Vice Mayor Cleveland and Council Members

The Senior Services Board of Directors met on Wednesday, 20 November, and voted to oppose the independence of taxicabs in the city. In September Executive Director Susan Dawson sent you a letter raising concerns.

Following is an economic evaluation that I think you will find useful for your decision making.

Sincerely,

Linda Couture, President, Senior Services of Alexandria

Taxicab

The taxicab proposal will raise the cost of providing the "Taxi Cab Service" for seniors. This is because of higher transaction cost and the more limited pool of cars available for transport duties.

Senior Services, presently, relies on one purveyor of transport which provides the service below cost. In essence, a subsidy element benefits the City and the users of the taxi service. If the system were to change, Senior Services will be affected in two ways. 1) Having to go from one contract to multiple ones, most of which will be individual cab owners increases the cost. In particular, ensuring compliance with the quality and timeliness of service will require more attention and staff time.

2) Currently all cabs are under contract with Senior Services under the auspices of one umbrella organization. Hence, the available supply of cabs for us is the entire set of cabs. Without the umbrella, we will have to deal with individuals who at their level only have one cab and, therefore, have no spare capacity. Consequently, the price will have to increase in order to entice the individual cab owners to participate.